

**IN THE CHANCERY COURT FOR LEWIS COUNTY, TENNESSEE
AT HOHENWALD**

In re: Sentinel Trust Company

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Case No. 4781

**MOTION OF STEWART COUNTY, TENNESSEE TO INTERVENE
AND TO ORDER PAYMENT OF BONDS DUE SEPTEMBER 1, 2004**

Comes Stewart County, Tennessee and moves to intervene in this proceeding and for an Order for payment pursuant to its Refunding Escrow Agreement with Sentinel Trust Company (STC), the School Bonds, Series 1996, dated December 1, 1996. Failure to pay these Bonds on September 1, 2004 will result in default of the Bonds.

In support of this Motion, Stewart County states that it issued School Refunding Bonds, Series 2003 of \$6,035,000 for the purpose of refunding the School Bonds, Series 1996 and thereby reducing its debt service payments. Stewart County entered into a Refunding Escrow Agreement with Sentinel Trust Company, dated May 8, 2003, a copy of which is attached as Exhibit 1, that provides for STC to purchase U S Treasury Note par value \$5,705,000 maturing on August 31, 2004, and to use the proceeds to pay the School Bond Series 1996 of \$5,769,218.75 on September 1, 2004. I am attaching a copy of the Trade Ticket reflecting the purchase of the US Treasury Note on 05/08/03 as Exhibit 2, and a copy of the Custody Receipt from Suntrust Bank reflecting that it has held this US Treasury Note since 05/08/03, as Exhibit 3. All of these Exhibits are part of the Transcript of Proceedings for the Stewart County, Tennessee School Refunding Bonds, Series 2003 as attested to by Karen Neal, attached as Exhibit 4.

Section 2.07 of the Refunding Escrow Agreement, Exhibit 1, states:

Irrevocable Escrow Created The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

It is clear from these documents that STC was required to escrow the funds received from Stewart County, Tennessee and to use these funds only for the payment of the 1996 Series Bonds. It is also clear from these documents that these funds have been segregated for this purpose. Failure to authorize payment of the 1996 Series Bonds on September 1, 2004 will result in their default.

Section 3.10 of the Refunding Escrow Agreement, Exhibit 1, provides for the Court to appoint a successor agent. Stewart County requests this Court to order the Receiver either to make the payment or, alternatively, to appoint a successor agent to make the payment. Stewart County further requests pursuant to Rule 62.01 of the Rules of Civil Procedure, that the Order not be stayed after entry.

Stewart County requests this Motion be set for August 9, 2004.

Respectfully submitted,

HUBBARD, BERRY, DOUGHTY, HARRIS
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By:



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